



LEGISLATIVE POSITION:

Letter of Information

Senate Bill 214

Unemployment Insurance – Computation of Earned Rate of Contribution

– Applicable Table of Rates

Senate Finance Committee

Tuesday, February 9, 2021

Dear Chairwoman Kelley and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

The COVID-19 pandemic has been an extremely sensitive and challenging time for Maryland's employer community. Ensuring the health and safety of their employees, the public, and their business has been front of mind while navigating a time of ever-changing information. A wide breadth of industry sectors have taken significant losses as a result of the forced government shutdowns. The Comptroller's Office has estimated that as many as 30,000 Maryland businesses may shut their doors as a result of the current economic situation.

A major barrier to recovery for employers that has risen from the government shutdowns has been the rising cost of unemployment insurance taxes. Unemployment insurance tax rates are based on two factors; the first being an employer's "experience rating", and the second being the statutorily mandated table of rates which the state determines based on the health of the Unemployment Insurance Trust Fund.

When the economy was shutdown, employers were forced to layoff their employees at no fault of their own. As Maryland workers began drawing from the Unemployment Insurance Trust Fund at record rates nearly depleting the fund. As the fund is drawn down, the state was forced to shift their table of rates from Table A, the lowest possible set of tax rates, to Table F, the highest possible set of tax rates. As a result, employers will experience higher unemployment insurance tax rates in the following years until the fund is replenished.

While the Maryland Chamber is supportive of the intent of SB 214, seeking to keep the table of rates set at Table A thus reducing the cost of employers, we recognize the challenging financial situation of the state's unemployment trust fund. The Maryland Chamber of Commerce and our

members look forward to working alongside the bill sponsor, this committee, and the Governor's administration to find an agreeable and equitable solution to providing financial relief to Maryland's employers during this challenging time.

